



County of Mendocino

EXECUTIVE OFFICE

BUDGET WORKSHOP

MARCH 22, 2010

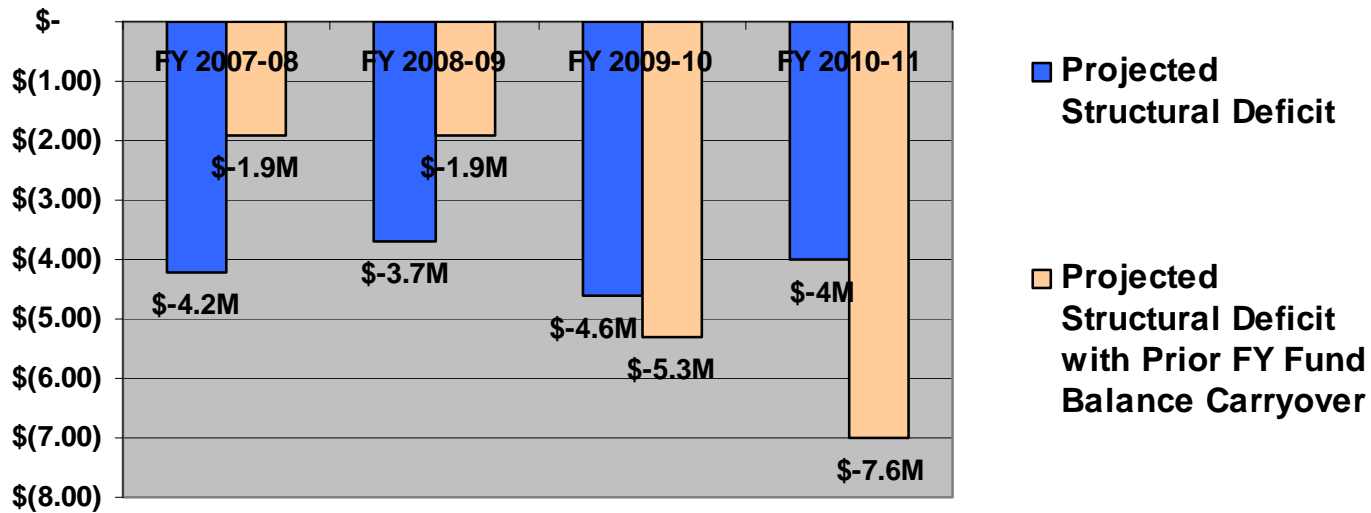
TODAY'S PRESENTATION

- ❑ Previous Budget Balancing Strategies
- ❑ Recap of Previous Board Actions
- ❑ Setting Board Priorities and Guidelines: Questions to Consider
- ❑ Additional Budget Reduction Strategies
- ❑ Layoff Plan
- ❑ Summary

PREVIOUS BUDGET BALANCING STRATEGIES

PRIOR YEAR'S RECOMMENDED BUDGET COMPARATIVE STRUCTURAL DEFICITS

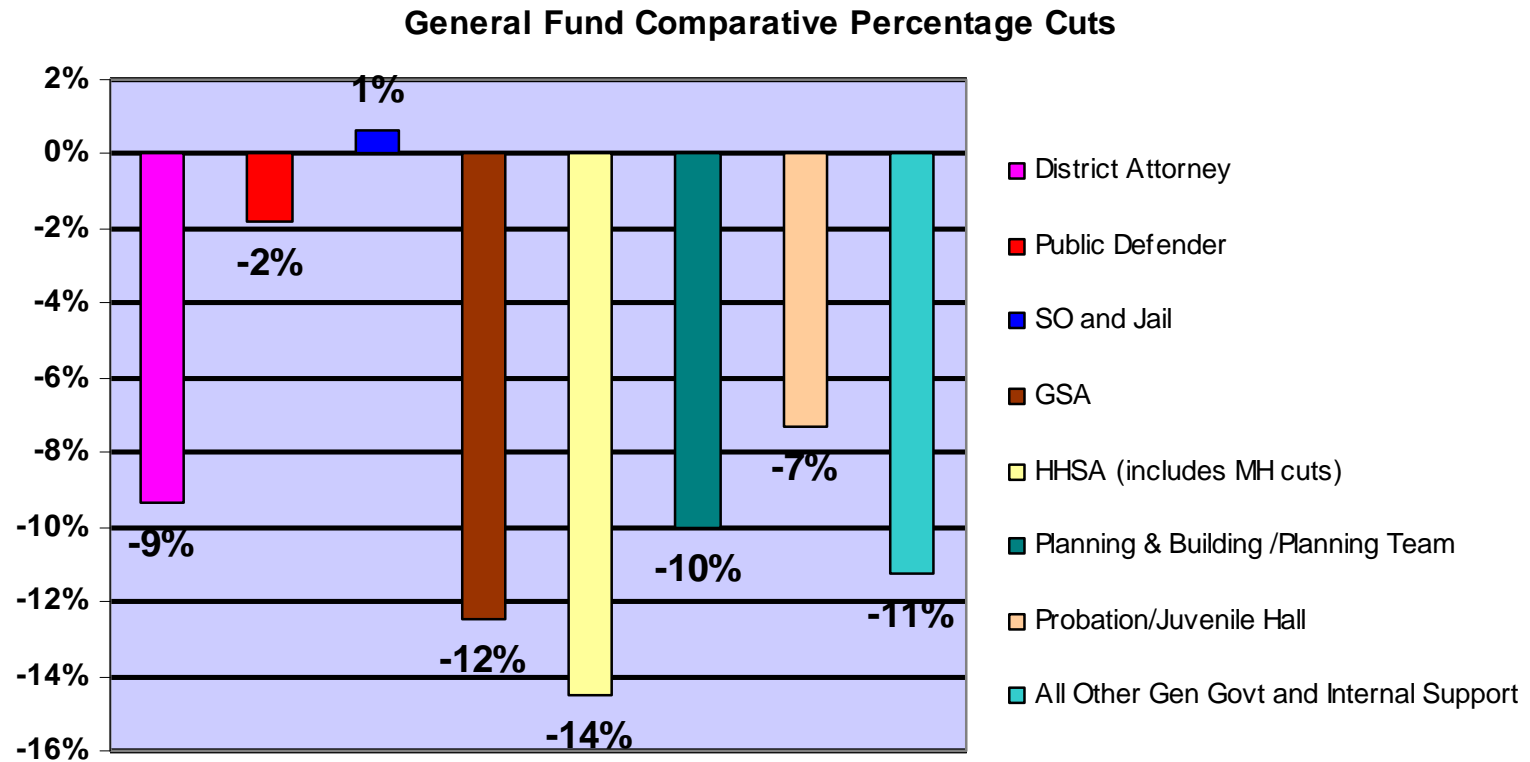
3 Year Projected Comparison History of Structural Deficits at Recommended Budget (in millions)



*FY 07-08 and FY 08-09-positive fund balance carryover reduced projected structural deficit

*FY 09-10 & FY 10-11 -negative fund balance carryover increased projected structural deficit

FY 2009-10 COMPARATIVE PERCENTAGE CUTS TO DEPARTMENTS



CRITERIA FOR DETERMINING OPTIONS AND RECOMMENDATIONS

- ❑ Non-mandated programs/services may be eliminated
- ❑ To the extent possible, minimize loss of service to the public
- ❑ To the extent possible, minimize unintended consequences or impacts (i.e. $\downarrow \$ = \uparrow \$$)

OPTIONS PRESENTED ON FEBRUARY 23, 2010

- Workforce reduction
- Service reduction
- Organizational restructure through consolidation and staffing ratio modifications
- Wage concessions
- Workweek reduction
- Parcel Tax

WORKFORCE REDUCTION

WAGE REDUCTION BY BARGAINING UNIT

Salary Reduction for 26 Pay Periods (1 year)

Bargaining Unit	1%	5%	10%
SEIU	\$174,501	\$872,505	\$1,745,010
DSA	\$131,938	\$659,690	\$1,319,380
DDIT	\$9,675	\$48,375	\$96,750
MCLEMA	\$24,842	\$124,210	\$248,420
Management	\$32,513	\$162,565	\$325,130
Confidential	\$8,814	\$44,070	\$81,410
Department Head	\$11,765	\$58,825	\$117,650
Elected	\$12,672	\$63,360	\$126,720
Unrepresented	\$22,096	\$110,480	\$220,960
MCPEA	\$37,506	\$187,530	\$375,060
MCPAA	\$29,832	\$149,160	\$298,320
Total	\$496,154	\$2,480,770	\$4,961,540

Figures based on FY 09-10 / Does not consider FY 10-11 salary adjustments

WORKWEEK REDUCTION

WORK WEEK REDUCTION

Departments	Reduction	Proposed Action	Funding Source	Estimated General Fund Savings FY 09-10	Estimated General Fund Savings FY 10-11
All	Countywide staff reduction utilizing MTO	10% continuation of MTO pending meet and confer	General Fund	\$405,333	Approx \$1.1M
All	Countywide staff work week reduction	Reduce work week to 32 hours pending meet and confer	General Fund	\$1,794,000	\$7,176,000
All	Countywide staff work week reduction	Reduce work week to 36 hours pending meet and confer	General Fund	\$897,000	\$3,588,000
All	Countywide staff work week reduction	Reduce work week to 37.5 hours pending meet and confer	General Fund	\$561,000	\$2,244,000

Based on Auditor's projections (excluding 24/7 staffing)

FY 2009-10 EXECUTIVE OFFICE RECOMMENDATIONS

I.	Eliminate non-mandated services (26 FTE's)	\$357,123
II.	Negotiate 10% MTO	<u>\$405,333</u>
	Total:	\$762,456

- All other cost-cutting measures to be continued, including hiring freeze and determining feasibility of using grant funds to pay for existing staff, rather than filling grant-funded positions.
- If no wage concessions for MTO, then workforce reduction to meet \$405,333.
- The remaining deficit of \$2.8M to be mitigated by FY 10-11 actions.

FY 2010-11 EXECUTIVE OFFICE RECOMMENDED STRATEGIES

<input type="checkbox"/> Continue the elimination of non-mandated services	\$1.4M
<input type="checkbox"/> Department consolidation, where it makes sense	\$0.5M
<input type="checkbox"/> Implement defined staffing ratios (supervisors : frontline staff)	\$0.5M
<input type="checkbox"/> 10% reduction in General Fund NCC for all departments	\$5.0M
<input type="checkbox"/> Wage concessions (2%)	\$1.0M
<input type="checkbox"/> Safety subsidy (Public Safety) *	<u>\$0.6M</u>
Total:	\$9.0M

RECAP OF PREVIOUS BOARD ACTIONS

BOARD ACTIONS TO MITIGATE \$7.6M PROJECTED DEFICIT FY 2009-10 – FY 2010-11

□ **July 21, 2009**

- Board adopted resolution #09-170 approved 11 layoffs including Sheriff's positions but Executive Office did not comply with Board direction

□ **September 1, 2009**

- Board adopted resolution #09-199 delaying deputy layoffs to be effective December 12, 2009

□ **December 8, 2010**

- Board approved first quarter report for 2009-10
- Board directed staff to work on mitigation plan for departments over budget for FY 2009-10
- Executive office did not comply with Board direction of deputy layoffs effective December 12, 2009

□ **January 5, 2010**

- Board approves Budget presentation on \$7.6 million dollar projected deficit
- Board adopts Resolution #10-004 to designate the official(s) responsible for the submission and monitoring of the Recommended Budget, including adoption of the uniform accounting standards and procedures as prescribed by the State Controller per GC 29000-29144 and 30200

BOARD ACTIONS TO MITIGATE \$7.6 MILLION DOLLAR PROJECTED DEFICIT

□ February 2, 2010

- Adoption of Resolution #10-017- 5-part balancing strategy and Budget policy guidelines
- Board approved mitigation plan for Human Resources and Mental Health
- Board directed staff to work with Sheriff's Office to implement staff's recommendation for FY 09-10 and FY 10-11 budget years, providing there be no layoffs of field deputies or correctional deputies (reduce management and develop workforce reduction plan for 2010-11)

□ February 23, 2010

- Board approved second quarter report for FY 2009-10
- Board directed staff to continue to work with Departments to review consolidation including defined staffing ratios
- Board direction staff to investigate parcel tax, sales tax, TOT tax, or other revenue sources and bring back to the Board within an expedited timeframe for consideration of potential next steps

□ March 16, 2010

- Executive Office presented next steps for revenue enhancement (i.e. conducting a poll for possible ballot measures)- Board did not approve

SETTING BOARD PRIORITIES AND GUIDELINES: QUESTIONS TO CONSIDER

SETTING BOARD PRIORITIES AND GUIDELINES TO DETERMINE BEST APPROACH TO DEFICIT MITIGATION

All Current Budget Processes:

- ❑ Year-round Budget Monitoring and Fiscal Status (Adopted Budget)
- ❑ Annual Budget Development (FY 2010-11 and Forecasted Budget)
- ❑ Board adopted 5-Part Balancing Strategy on February 22, 2010
 - Finance Team (3 Workgroups)
 - Budget Debt Policies
 - Recommended Departmental Budgets
 - Long Term Strategies
- ❑ \$7.6M Mitigation Plan
 - Board direction at Budget workshops
- ❑ Contract Negotiations with 8 Bargaining Units
 - Board direction for negotiations

SETTING BOARD PRIORITIES

“Bringing solutions to decision-makers”

- Preliminary data from community members collectively speaks to developing principles and setting goals for the County
- However, collective parties realize the urgency to develop short term solutions that support long term strategic planning

SETTING BOARD PRIORITIES

“Bringing solutions to decision-makers”

- Step 1:
 - Board to determine what information is needed to make decisions about core public policy
- Step 2:
 - Community Groups in all districts to gather data and answers to key questions from Board and Department Directors. People want to be asked and people want to help. Volunteer facilitators to assist with community focus groups
- Step 3:
 - Board Workshop in January 2011 to review community input, to determine priorities for Mendocino County and develop public policy

THE FOLLOWING ARE QUESTIONS THAT THIS BOARD SHOULD CONSIDER:

- What priorities can we set for the County that respond to existing and emerging organizational needs?
- What priorities can we set that meet community needs?
- Can we set priorities to improve our County's overall quality of life?
- What priorities can we set that move Mendocino County into the future and protect the long range viability of our County?

THE FOLLOWING ARE QUESTIONS THAT THIS BOARD SHOULD CONSIDER:

- How can we eliminate our structural deficit and continue to be operational?
- What is the best use of our diminishing county general funds?
- What program outcomes do we want to achieve?
- Can we review our services in functional groups and determine highest need?

TODAY'S GUIDELINES

- ❑ Effective and efficient county operations
- ❑ Review management to staff positions and establish reasonable ratios
- ❑ Move forward with consolidation efforts where possible
- ❑ Department Directors and Management positions to remain vacant mitigating additional layoffs
- ❑ Workforce reduction starts with Department heads and management before line staff
- ❑ Revenue generating positions reduced only if necessary
- ❑ Minimize layoffs of staff providing mandated services
- ❑ Reduce management in Criminal Justice while keeping deputies in the field
- ❑ General Fund will not be used for state funding cuts to county programs

So What Else Can We Do?

ADDITIONAL BUDGET REDUCTION STRATEGIES

MUCH HAS BEEN DONE, BUT WE
MUST DO MORE...

WE MUST HAVE A BALANCED
BUDGET FOR FY 2010-11 BY
SEPTEMBER 18, 2010...

WHAT IS THE COST OF INACTION?

WE HAVE 180 DAYS TO MITIGATE \$7.6M BY SEPTEMBER 18, 2010

As of February 22, 2010

Every day of inaction costs \$36,000

As of March 22, 2010

Every day of inaction costs \$42,000

LAYOFF PLAN

LAYOFF PLAN CALCULATION

$$\text{\$7.6 M} / \text{\$75,000} = 101 \text{ positions}$$

*\$75,000 average cost county-wide for salary and benefits per county employee

LAYOFF PLAN TIMELINES

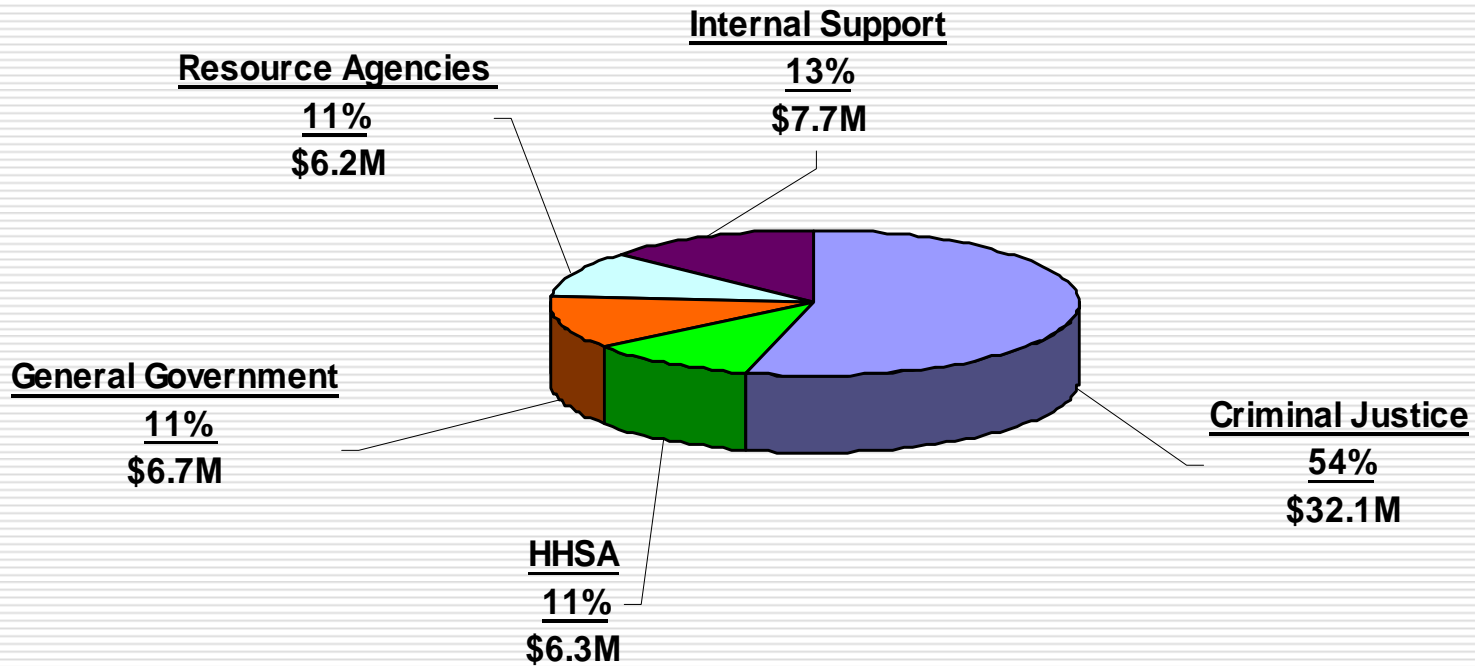
In order to limit disruption to county services, a 4-Phase Plan is recommended:

- ❑ May 1, 2010-25 employees laid off
- ❑ July 1, 2010-25 employees laid off
- ❑ October 1, 2010-25 employees laid off
- ❑ January 1, 2011-25 employees laid off

* Layoff numbers and timelines could be mitigated depending on the outcome of labor negotiations

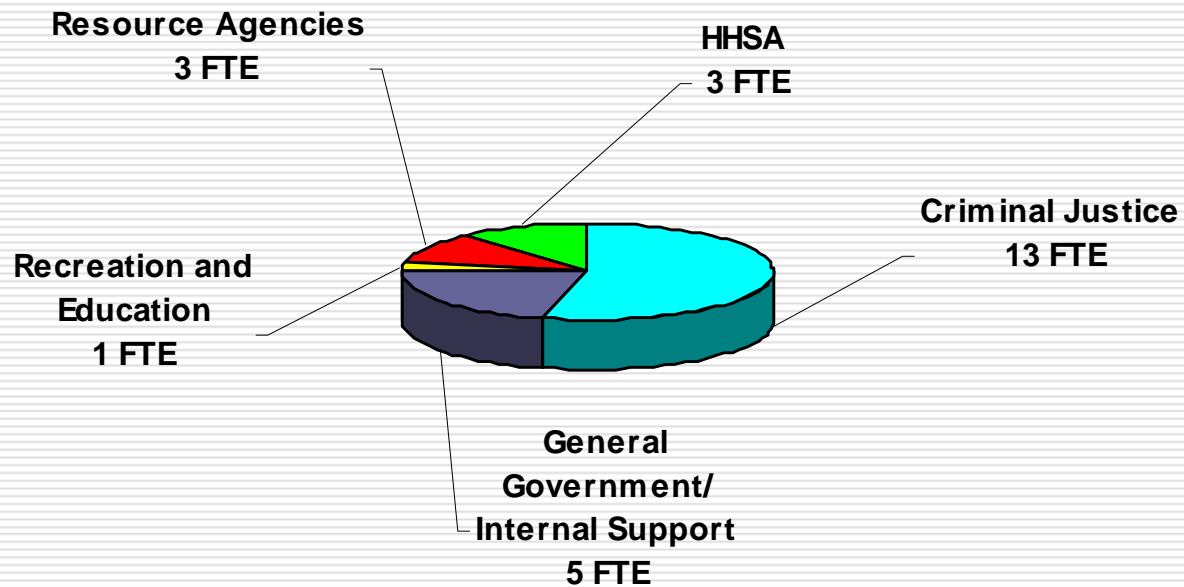
THE DISCRETIONARY PIE - \$59 MILLION

General Fund Allocations by Percentage



PHASE I LAYOFF PLAN -SCENARIO 1- MAY 1, 2010

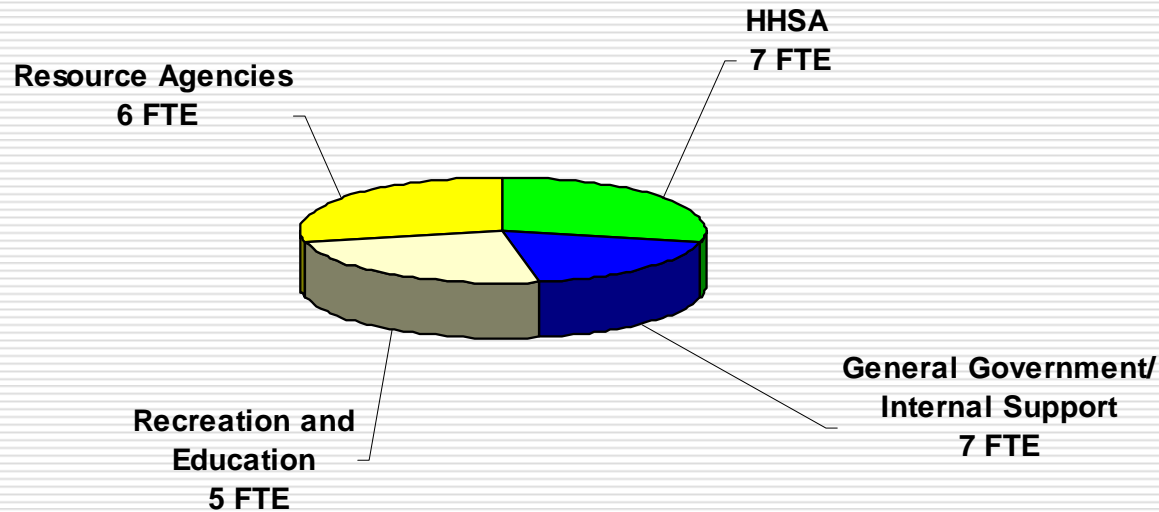
Phase I
Based on Percentage Allocated General Fund



Total Savings per phase = \$1.9M

PHASE I LAYOFF PLAN -SCENARIO 2- MAY 1, 2010

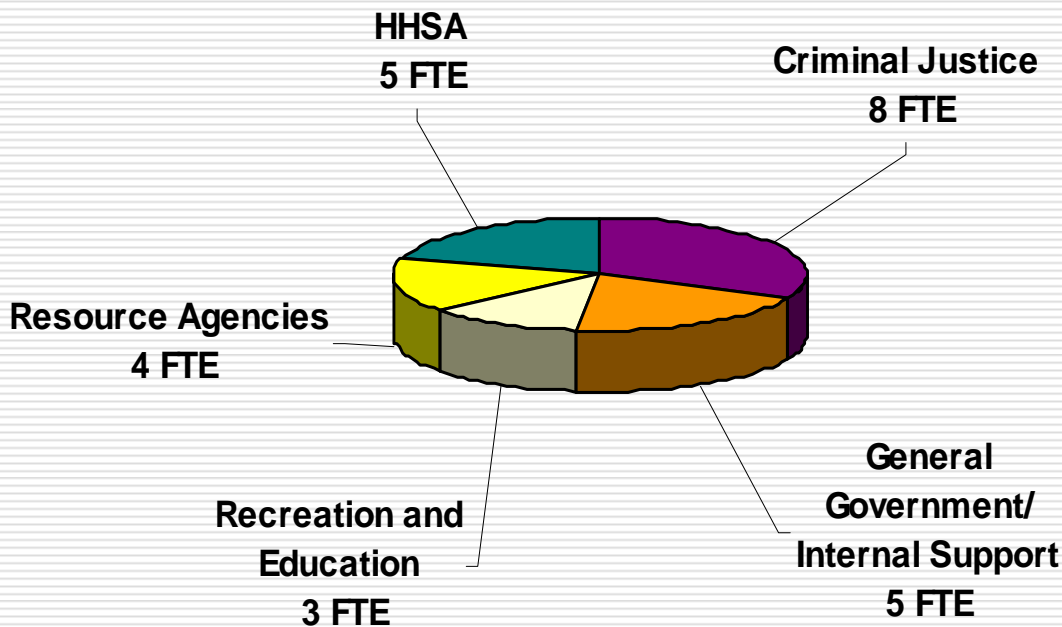
Phase I - FTE Layoff Plan Based on Percentage Allocated General Fund (Excluding Criminal Justice)



Total Savings per phase = \$1.9M

PHASE I LAYOFF PLAN -SCENARIO 3- MAY 1, 2010

Phase I - FTE Layoff Plan



<u>General Fund FTE's</u>	
Criminal Justice	Total FTE's - 380
HHS	Total FTE's - 55
Resource Agencies	Total FTE's - 75
Gen Govt/Internal Support	Total FTE's - 182
Recreation/Education	Total FTE's - 23

Total Savings per phase = \$1.9M

Layoff numbers determined by the following:

- Mandated services of each functional group
- Impacts provided by departments for another 10 % cut
- Supervisor to staff ratios

SUMMARY

- ❑ Action is needed to mitigate the projected \$7.6M deficit
- ❑ The Executive Office is recommending that the Board take action on the layoff plan and possible scenarios
- ❑ A list of layoffs by departments will be brought back on April 6, 2010